NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up With 640 Acres Pooting Provision STANDARD LEASE v.5

such part of the leased premises

THIS LEASE AGREEMENT is made this

## PAID UP OIL AND GAS LEASE

(No Surface Use)

dey of FEbruary

| whose addresss is  | (10r +1) 1EXCLS 76109   |  |
|--|---|--|
| and, DALE PROPERTY SERVICES, L.L.C., 2100 Ross Avenue, Suite 1870 Dallas Te hereinabove named as Lessee, but all other provisions (including the completion of blank                       |   |  |
| <ol> <li>In consideration of a cash bonus in hand paid and the covenants herein cor</li> </ol>   | ntained, Lessor hereby grants, leases and lets e  | xclusively to Lessee the following                   |
| described land, hereinafter called leased premises:  |   |  |
|  |   | <b></b>  |
| OUT OF THE MUAN SOUTHEAST  | 22  | _, вlock <u>3</u>                                    |
| OUT OF THE MUAN SOUTHEAST  | ADDITION, AN AC<br>T, TEXAS, ACCORDING TO THAT CE<br>THE PLAT RECORDS OF TARRANT                          | DITION TO THE CITY OF                                |
| FURT WORTH TARRANT COUNTY  | , TEXAS, ACCORDING TO THAT CE   | RTAIN PLAT RECORDED                                  |
| IN VOLUME <u>3 8 8 PAGE ゲ</u> OF   | THE PLAT RECORDS OF TARRANT   | COUNTY, TEXAS.                                       |
|  |   |  |
| in the County of Tarrant, State of TEXAS, containing //C/C gross acres,  |   | h l annu annu hannaftar agailte bu                   |
| reversion, prescription or otherwise), for the purpose of exploring for, developing, produ   | more or less (including any interests therein which   | n Lessor may nerearter acquire by                    |
| substances produced in association therewith (including geophysical/seismic operation  | ns). The term "gas" as used herein includes I   | nelium, carbon dioxide and other                     |
| commercial gases, as well as hydrocarbon gases. In addition to the above-described le  | esed premises, this lease also covers accretions  | end any small strips or parcels of                   |
| land now or hereafter owned by Lessor which are contiguous or adjacent to the above-d<br>Lessor agrees to execute at Lessee's request any additional or supplemental instruments           | escribed leased premises, end, in consideration of  | if the aforementioned cash bolius,                   |
| of determining the amount of any shut-in royalties hereunder, the number of gross acres a  |   |  |
|  | , <u></u>   |  |
| 2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a  | primary term of $FIVE$ ( $O$ )  | ears from the date hereof, and for                   |
| as long thereafter as oil or gas or other substances covered hereby are produced in payir  | ig quentities from the leased premises or from land   | ds pooled therewith or this lease is                 |
| otherwise maintained in effect pursuant to the provisions hereof.  3. Royalties on oil, gas and other substances produced and saved hereunder sha  | Ill he naid by Lessee to Lessor es follows: (a) Fo  | oil and other liquid hydrocarbons                    |
| separated at Lessee's separator facilities, the royalty shall be $IuXUtV-FIVE$   | レ <i>とてCENT</i> (えち º/^ ) of such production, to b  | be delivered at Lessee's option to                   |
| Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities,   | provided that Lessee shall have the continuing no   | ght to purchase such productio⊓ at                   |
| the wellhead market price then prevailing in the same field (or if there is no such price prevailing price) for production of similar grade and gravity; (b) for gas (including c          | then prevailing in the same field, then in the flea   | rest field in which there is such a                  |
| TWENTY-1-IVE PERCENT $(4.5 \%)$ of the proceeds realized by Lessee   | e from the sale thereof, less a proportionate part of   | ad valorem taxes and production,                     |
| severance, or other excise taxes and the costs incurred by Lessee in delivering, processi  | ing or otherwise marketing such gas or other subs   | tances, provided that Lessee shall                   |
| have the continuing right to purchase such production at the preveiling wellhead market p  | rice paid for production of similar quality in the san  | ne field (or if there is no such price               |
| then prevailing in the same field, then in the nearest field in which there is such a preva<br>nearest preceding date as the date on which Lessee commences its purchases hereunde         | r: and (c) if at the end of the primary term or any tir   | me thereafter one or more wells on                   |
| the leesed premises or lands pooled therewith are capable of either producing oil or gas of  | or other substances covered hereby in paying qua  | ntities or such wells are waiting on                 |
| hydraulic fracture stimulation, but such well or wells are either shut-in or production there  | from is not being sold by Lessee, such well or well   | s shall nevertheless be deemed to                    |
| be producing in paying quantities for the purpose of maintaining this lease. If for a period<br>being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then or | of 90 consecutive days such well of wells are shu<br>overed by this lease, such payment to be made to     | Lessor or to Lessor's credit in the                  |
| depository designated below, on or before the end of said 90-day period and thereafter o   | on or before each anniversary of the end of said 90   | day period while the well or wells                   |
| are shut-in or production there from is not being sold by Lessee; provided that if this le   | ease is otherwise being maintained by operatio⊓s  | , or if production is being sold by                  |
| Lessee from another well or wells on the leased premises or lands pooled therewith, no sof such operations or production. Lessee's failure to properly pay shut-in royalty shall reni      | thut-in royalty shall be due until the end of the 90-0  | an period next following cassation                   |
| All shut-in royalty payments under this lease shall be paid or tendered to Lesson  |   |  |
| be Lessor's depository agent for receiving payments regardless of changes in the owners  | hip of said land. All payments or tenders may be m  | nade in currency, or by check or by                  |
| draft and such payments or tenders to Lessor or to the depository by deposit in the US   | Mails in a stamped envelope addressed to the dep  | ository or to the Lessor at the last                 |
| address known to Lessee shall constitute proper payment. If the depository should liquic payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recorda          | late or be succeeded by another institution, or for<br>ble instrument naming another institution as decos | itory agent to receive payments.                     |
| <ol><li>Except as provided for in Paragraph 3, above, if Lessee drills a well which is inc</li></ol>   | capable of producing in paying quantities (hereinaf   | ter called "dry hole") on the leased                 |
| premises or lands pooled therewith, or if all production (whether or not in paying quan  | tities) permanently ceases from any cause, inclu  | ding a revision of unit boundaries                   |
| pursuant to the provisions of Paragraph 6 or the action of any governmental authorst<br>nevertheless remain in force if Lessee commences operations for reworking an existing of           | y, then in the event this lease is not otharwise well or for diffing an additional well or for otherwis   | e obtaining or restoring production                  |
| on the leased premises or lands pooled therewith within 90 days after completion of open   | ations on such dry hole or within 90 days after suc   | ch cessation of all production. If at                |
| the end of the primary term, or at any time thereafter, this lease is not otherwise being  | rmaintained in force but Lessee is then engaged   | in drilling, reworking or any other                  |
| operations reasonably calculated to obtain or restore production therefrom, this lease sha<br>no cessation of more than 90 consecutive days, and if any such operations result in the      | Ill remain in force so long as any one or more of st  | ich operations are prosecuted with                   |
| there is production in paying quantities from the leased premises or lands pooled therew   | ith. After completion of a well capable of produci  | ng in paying quantitias hereunder,                   |
| Lessee shall drill such additional wells on the leased premises or lands pooled therewith a  | as a reasonably prudent operator would drill under  | the same or similar circumstances                    |
| to (a) develop the leased premises as to formations then capable of producing in payin<br>leased premises from uncompensated drainage by any well or wells located on other lan            | g quantities on the leased premises or lands poo  | led therewith, or (b) to protect the                 |
| additional wells except as expressly provided herein.  | us not pooled therewith. There shall be no cover  | ant to drill exploratory would or any                |
| <ol><li>Lessee shall have the right but not the obligation to pool all or any part of the I</li></ol>  | eased premises or interest therein with any other   | lands or interests, as to any or all                 |
| depths or zones, and as to any or all substances covered by this lease, either before or   | or after the commencement of production, whenever   | ver Lessee deems it necessary or                     |
| proper to do so in order to prudently develop or operate the leased premises, whether or unit formed by such pooling for an oil well which is not a honzontal completion shall not         | not similar pooling authority exists with respect to<br>exceed 80 acres plus a maximum acreage tolerar    | ce of 10%, and for a das well or a                   |
| horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 1   | 0%; provided that a larger unit may be formed for   | an oil well or gas well or horizontal                |
| completion to conform to any well spacing or density pattern that may be prescribed or pr  | ermitted by any governmental authority having juri  | sdiction to do so. For the purpose                   |
| of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic fe   | by applicable law or the appropriate governmenta<br>set per harrel and "cas well" means a well with an    | initial das-oil ratio of 100.000 cubic               |
| feet or more per barrel, based on 24-hour production test conducted under normal p   | producing conditions using standard lease separa  | ator facilities or equivalent testing                |
| equipment; and the term "honzontal completion" means an oil well in which the horiz  | ontal component of the gross completion interva-  | I in facilities or equivalent testing                |
| equipment; and the term "horizontal completion" means an oil well in which the horizon   | tal component of the gross completion interval in   | the reservoir exceeds the vertical                   |
| component thereot. In exercising its pooling rights hereunder, Lessee shall file of record Production, drilling or reworking operations anywhere on a unit which includes all or a         | ny part of the leased premises shall be treated   | as if it were production, drilling or                |
| reworking operations on tha leased premises, except that the production on which Lesso   | or's royalty is calculated shall be that proportion of  | the total unit production which the                  |
| net acreage covered by this lease and included in the unit bears to the total gross acre   | eage in the unit, but only to the extent such property  | ortion of unit production is sold by                 |
| Lessee. Pcoling in one or more instances shall not exhaust Lessee's pooling rights here unit formed hereunder by expansion or contraction or both, either before or after comm             | name, and ressect shall have the recurring right to<br>nencement of production, in order to conform to t  | he well spacing or density pattern                   |
| prescribed or permitted by the governmental authority having jurisdiction, or to conform   | to any productive acreage determination made b  | y such governmental authority. In                    |
| making such a revision, Lessee shall file of record a written declaration describing the re  | evised unit and stating the effective date of revision  | <ol> <li>To the extent any portion of the</li> </ol> |
| laased premises is included in or excluded from the unit by virtue of such revision, the pr<br>be adjusted accordingly. In the absence of production in paying quantities from a unit, or  | upon permanent cessation thereof. Lessee may t  | erminate the unit by filing of record                |
| a written declaration describing the unit and stating the date of termination. Pooling hereu   | under shall not constitute a cross-conveyance of inf  | terests.   |
| <ol><li>If Lessor owns less than the full mineral estate in all or any part of the leased pre</li></ol>  | emises, the royalties and shut-in royalties payable   | hereunder for any well on any part                   |
| of the leased premises or lands pooled therewith shall be reduced to the proportion that L   | essor's interest in such part of the leased premise,  | s bears to the full mineral estate in                |

- 8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual torm of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shul-in royalties to such persons or to their credit in the depository, either jointly or separalely in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the Iransferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee trensfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.
- 9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in ell or any portion of the area covared by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. the area covared by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releeses all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced
- in accordance with the net acreage interest retained hereunder.

  10. In exploring for, developing, producing and marketing oil, gas and ofher substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary end/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treet end/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leesed premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithslanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or ofher lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, aquipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.
- 11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricify, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, not, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's
- obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably with Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof.

  12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offening to purchese from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiretion of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right end option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

  13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder for a period of at least 90 days after Lessor has given Lessee.
- 13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable
- time after said judicial determinetion to remedy the breach or default and Lessee fails to do so.

  14. For the same consideration reciled above, Lessor hereby grants, assigns and conveys unlo Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not inlended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or
- situated on other tracts of land and which are not inlended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or ofher benefit. Such subsurface well bore easements shall run with the land and survive any terminetion of this lease.

  15. Lessor hereby warrants and egrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against like leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

  16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.
- operations.
- counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gaa lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that thia Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditiona. Lessor acknowledges that no representationa or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this tranaaction based upon any differing terms which Lesage has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or nof this lease has been executed by all parties hereinabove named as Lessor

| LESSOR (WHETHER ONE OR MORE)  |  |
|---|--|
| By: LUVENIA LEWIS   | Ву:  |
| Toya a Acki   | NOWLEDGMENT  |
| STATE OF TEXUS  COUNTY OF TUrrant  This instrument was acknowledged before me on the by: MUKEMA LEWIS A WIGOW | day of FEDruary 2009,  |
| KISHA G. PACKER POLK Notary Public, State of Texas  | Hillan-Pulk  |
| My Cornmission Expires April 15, 2012   | Notary's neme (printed):  Notary's neme (printed):  Notary's commission expires: |
|   | ·  |
| STATE OF  |  |
| This instrument was acknowledged before me on the   | day of, 2009,  |
|   |  |



## DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

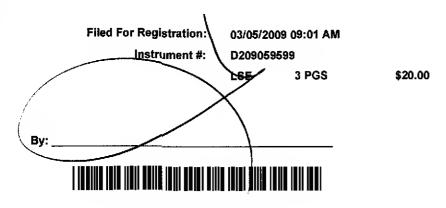
**DALLAS** 

TX 75201

Submitter: DALE RESOURCES LLC

## SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

## <u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.



D209059599

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